

ALIT (NO. 5) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

Registered number: 02859409

Registered office: Plantation Place, 30 Fenchurch Street, London EC3M 3AD

ALIT (NO. 5) LIMITED

STRATEGIC REPORT

The directors present their strategic report of ALIT (No. 5) Limited (the Company) for the year ended 31 December 2013.

Principal activity

The Company is a corporate member of the Society of Lloyd's. The Company is a corporate vehicle which was formed solely to underwrite on Lloyd's syndicates from the commencement of the 1994 underwriting year. Throughout the year the Company had no open or run-off syndicate participations.

Results and dividends

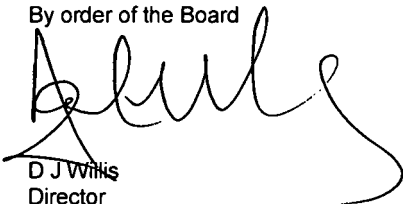
The result for the financial year attributable to shareholder was £nil (2012: £81). The directors do not recommend the payment of a final dividend for 2013 (2012: £nil). The Company did not pay an interim dividend in 2013 (2012: £nil).

Principal risks and uncertainties

Credit risk

The Company's assets consist mainly of intra-group debtors. The recoverability of these balances is assessed each year as part of a group wide exercise.

By order of the Board

A large, stylized handwritten signature in black ink, appearing to read 'D.J. Willis', is written over the printed name and title.

D.J. Willis
Director
4 July 2014

ALIT (NO. 5) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of ALIT (No. 5) Limited (the Company) for the year ended 31 December 2013.

Directors and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M C Carrillo
K D Curtis (resigned 31 March 2013)
D J Willis
D S Saker (appointed 18 April 2013)
S M Smith (appointed 18 April 2013)

No director had any interest in the voting share capital of the Company at any time during the year.

During the period 1 January 2013 to (and including) the date of approval of this report, the Company provided its Directors and Officers with a qualifying third party indemnity, and cover under a Directors and Officers insurance policy taken out by The Hanover Insurance Group, Inc..

Company secretary

A J Goodenough (resigned 1 April 2014)
K S Shallcross (appointed 1 April 2014)

Registered office

Plantation Place
30 Fenchurch Street
London EC3M 3AD

Registered number

02859409

Independent Auditors

PricewaterhouseCoopers LLP, London

Ultimate parent company

Throughout the year, the Company's ultimate parent was The Hanover Insurance Group, Inc. A copy of the annual report for The Hanover Insurance Group, Inc. can be obtained from their website at www.hanover.com.

Going concern basis

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

ALIT (NO. 5) LIMITED

DIRECTORS' REPORT (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

The Directors each confirm that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have signified their willingness to continue in office as the independent auditors to the Company.

By order of the Board



D J Willis
Director
4 July 2014

ALIT (NO. 5) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIT (NO. 5) LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by ALIT (No. 5) Limited, comprise:

- the profit and loss account for the year then ended;
- the balance sheet as at 31 December 2013;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

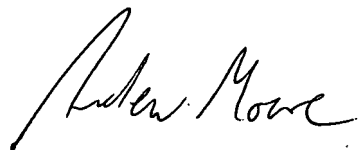
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

ALIT (NO. 5) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALIT (NO. 5) LIMITED (continued)

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Andrew Moore (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
7 July 2014

ALIT (NO. 5) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Other income	4	-	107
Profit on ordinary activities before tax		-	107
Tax on profit on ordinary activities	5	-	(26)
Profit for the financial year		-	81

All operations of the Company are discontinued.

There were no recognised gains or losses for the current or preceding years other than those included in the Profit and Loss Account above and, therefore, no separate Statement of Total Recognised Gains and Losses has been presented.

ALIT (NO. 5) LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2013****Registered Number: 02859409**

	Note	2013 £	2012 £
Amounts owed by group undertakings		230,925	230,925
Total assets		230,925	230,925
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	213,614	213,614
Total shareholders' funds	7	213,616	213,616
Creditors: amounts falling due within one year			
Amount owed by group undertaking		17,309	17,283
Other creditors including taxation and social security		-	26
Total liabilities		17,309	17,309
Total shareholders' funds and liabilities		230,925	230,925

The financial statements on pages 6 to 9 were approved by the Board of Directors on 4 July 2014 and were signed on its behalf by:



M.C. Carrillo
Director

ALIT (NO. 5) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2012

1. Principal accounting policies

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

b) Cash flow statement and related party disclosures

The Company is wholly-owned by a member of The Hanover Insurance Group, Inc. (THG) a company incorporated in the United States of America and is included in the consolidated financial statements of THG, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

The Company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of, or investees of, THG.

c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable income for the year. Taxable profit differs from profit on ordinary activities as reported in the Profit and Loss Account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates applicable at the balance sheet date.

2. Auditors' remuneration

The auditors' remuneration in respect of the Company's financial statements for the year ended 31 December 2013 was £2,650 (2012: £2,600), which has been borne by a related group undertaking.

3. Directors' emoluments and staff costs

No director received any emoluments for their qualifying services to the Company during the year ended 31 December 2013 (2012: £nil).

There were no staff costs incurred by the Company during the year ended 31 December 2013 (2012: £nil). The Company has no employees (2012: nil).

4. Other income

	2013 £	2012 £
Interest received from HMRC	-	107
	-	107

5. Tax on profit on ordinary activities

Analysis of tax charge in year

	2013 £	2012 £
Current tax		
Corporation tax at 23.25% (2012: 24.5%)	-	26
Tax on profit on ordinary activities	-	26

Legislation was introduced in the Finance Act 2013 to reduce the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. Any proposed changes that have not been substantively enacted at the balance sheet date are not reflected in the financial statements.

ALIT (NO. 5) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 2012 (continued)****6. Called up share capital**

	2013 £	2012 £
Allotted, called up and fully paid:		
2 (2012: 2) ordinary shares of £1 each	2	2

7. Reconciliation of movement in shareholders' funds

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2013 and 31 December 2013	2	213,614	213,616

8. Contingent liabilities

Where the Company reduces its participation on a syndicate it pays a reinsurance to close premium to other Lloyd's Names to assume its ongoing liabilities. The nature of this arrangement is that of reinsurance such that the Company retains liability in the event of failure of these Lloyd's Names and the Lloyd's chain of security. There is no mechanism for the Company to quantify its exposure in this regard and the directors consider that the possibility of having to assume these liabilities is remote.

9. Ultimate parent company

The largest and smallest group of undertakings for which group financial statements are prepared, and in which the results of the Company is included, is The Hanover Insurance Group, Inc. (THG), a company incorporated and registered in the United States of America. A copy of the most recent consolidated financial statements is available from the website of The Hanover Insurance Group, Inc. (www.hanover.com).